

MINUTES OF ROANOKE CITY COUNCIL AUDIT COMMITTEE

October 1, 2001

1. CALL TO ORDER:

The meeting of the Roanoke City Audit Committee was called to order at 11:00 a.m. on Monday, October 1, 2001, with Chairman, William White, Sr., presiding.

- The roll was called by Mrs. Powers

Audit Committee

Members Present: William White, Sr., Chairman
Mayor Ralph K. Smith
William H. Carder
W. Alvin Hudson
Linda F. Wyatt

Others Present: Drew Harmon, Acting Municipal Auditor
Darlene L. Burcham, City Manager
Chip Snead, Assistant City Manager for Operations
Rolanda Johnson, Assistant City Manager for Community Development
William M. Hackworth, City Attorney
James D. Grisso, Director of Finance
David C. Anderson, City Treasurer
Mike Tuck, Senior Auditor
Pamela C. Mosdell, Senior Auditor
Kevin A. Nicholson, Senior Auditor
Brian M. Garber, Auditor
Evelyn W. Powers, Administrative Assistant

2. FINANCIAL RELATED AUDITS:

- A. Meter Replacement
- B. Police Department Cash Funds
- C. Audit Findings Follow-Up

Mr. White ordered that the financial audits be received and filed. There were no objections to the order. Mr. White recognized the Municipal Auditor's staff for comments. Mr. Tuck briefed the Committee on the Meter Replacement audit. Mr. White questioned if this audit was a Financial audit or a Performance audit. Mr. Harmon stated that the audit was a controls evaluation audit, which is a type of performance audit. Mr. White asked if performance audits address efficiency and effectiveness of operations. Mr. Harmon stated that was correct. There were no further questions.

Mr. Garber briefed the Committee on the Police Department Cash Fund. Mr. Hudson questioned how long it would take for the recommendations to be implemented regarding all of the audits presented today. Mr. Harmon explained that the Police Department audit was performed annually, and the recommendations on this year's audit would be evaluated during next year's audit. Mr. Hudson asked how long for the audits that are not performed annually? Mr. Harmon explained to the Committee that after each audit all reportable conditions are entered into a database and a target date for implementing corrective plans is placed into the database. Annually, a follow-up is done on each department to verify that all corrective plans were implemented. Mr. White called on Ms. Burcham to comment. Ms. Burcham reported that the departments should start taking care of the recommendations immediately. Ms. Burcham said that she had already talked with the City Attorney to prepare a resolution to correct the problem with the collection of fees stated in the Police audit. Social Services plans were held up due to negotiations with the software company to purchase software. Ms. Burcham explained that some departments could take longer to fix the problems due to funding. She also reported that there has been a great deal of progress made since last year regarding clearing departments from the annual findings follow-up.

Mr. Harmon briefed the Committee on the Audit Findings Follow-up audit. Mr. Harmon assured the Committee that the six departments that had not completed implementing their plans were making progress. There was a significant amount of discussion regarding the Fleet Management department, the past problems in that areas, and the possibilities for outsourcing. Mr. Harmon stated that another audit in Fleet Management is scheduled for this year. Mayor Smith and Mr. Carder raised an issue about the lack of data regarding costs to operate vehicles/equipment. Mr. Grisso, Ms. Burcham, and Mr. Harmon discussed the changes to fleet systems and informed the Committee that a new team is looking at the feasibility of enterprise systems that would provide better cost accounting information.

3. UNFINISHED BUSINESS:

None.

4. NEW BUSINESS:

- A. Municipal Auditing 2002 Audit Plan
- B. Briefing on Management Assistance Work
 - City Market Building
 - Warehouse Closing
- C. D.A.R.E. Account

Mr. White ordered that the Municipal Auditing 2002 Audit Plan be received and filed. There were no objections to the order. Mr. Harmon briefed the Committee on the 2002 Audit Plan. The Committee discussed the number of audit hours assigned for school audits and school activity funds. The Mayor noted that the number of audit hours assigned to activity fund audits versus other school audit work translates into a higher

audit cost per budget dollar covered. The Committee expressed an interest in using unassigned hours to perform additional school audits. Mr. White noted that a joint meeting with the School Board Audit Committee would occur soon; at which time the school audit plan will be set. It was noted that the auditing department had not undertaken any audit work in the schools since the August 20th Council meeting, pending development of the annual audit plan by the City and School Board.

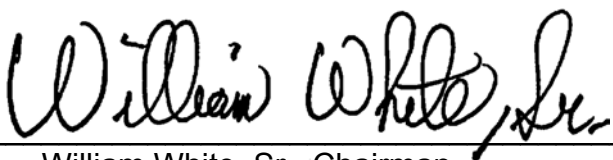
Mr. Harmon briefed the Committee on the Management Assistance Work. Mr. Harmon stated that Economic Development staff had asked that he take a look at the City Market Lease. Ms. Burcham said that there have been some concerns by the tenants in the Market Building. She said she would use this information to help negotiate a new, more equitable contract. She said that this type of work by the audit department was most helpful in assisting management in making good decisions.

Mr. Harmon reported to the Committee that the Warehouse would be closing and that audit has looked at the procedures for moving forward with this decision.

Mr. Harmon reported to the Committee that the department had received an anonymous letter regarding the D.A.R.E. donations. The department has done some preliminary work and the problem seems to be an accounting issue with the donated money. Auditing will keep you informed as we have more accurate details. There seems to be no fraud or misappropriation of funds, strictly an accounting issue.

5. ADJOURNMENT:

There being no further business, the meeting adjourned at 11:50 a.m.

A handwritten signature in black ink, reading "William White, Sr.", written over a horizontal line.

William White, Sr., Chairman